

- D. Deduct for Inventory Shortages: Producer shall be liable for 100% of any inventory shortages. LOL will deduct the value of any missing inventory from the Producer's compensation payment. Inventory value will be computed at the greater of cost or market for a 240 pound hog at the date the shortage is discovered.
- E. Deduct for Late Cleaning: Producer shall clean and disinfect the Facilities in not more than four (4) days after a Lot has been removed. Failure to comply shall result in a deduction from the quarterly base payment next due of 1/365th of the annual base payment for each late day multiplied by the affected capacity.
- F. In the event of a tornado, fire, wind and or such other casualty which would prevent use of the Facilities, payments shall cease until the Facilities are repaired.

C. OBLIGATIONS OF PRODUCER

Producer's obligations shall include, but not be limited to, the following:

1. Equipment, Facilities, Utilities and Other Inputs

Producer shall provide satisfactory facilities and equipment and shall be responsible for the maintenance and repair thereof. Producer may modify or make additions to the Facilities only with the prior approval of LOL.

Producer's equipment shall include, but not be limited to, LOL-approved loading chute, power washer, water medication equipment, syringes, hog handling equipment, automatic sprinkler systems, heaters, manure handling and removal equipment, high/low thermometers, automatic curtain systems, bulk feed bins, and adequate refrigeration facilities to store vaccines and medications.

Producer shall provide the utilities necessary to operate the Facilities, including fuel, electricity, lights and water.

Producer shall provide standby electric generation equipment which shall become operational in the event of failure of the primary power source.

Producer shall maintain an all-weather road suitable for hog and feed trucks from the public roads to the Facilities. In the event any of said vehicles should require the services of a wrecker as a result of the deteriorated condition of any road or service area, Producer agrees to pay any and all such wrecker bills.

2. Labor

Producer will provide all labor and supervision to raise each Lot including but not limited to: the administration of all medication and vaccines; castration of boars; assist a LOL retained veterinarian in bloodtesting; sorting pigs for delivery to market; transportation to nearest public road for loading or unloading if